

Message Text

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ACTION NEA-07

INFO OCT-01 ISO-00 SS-14 SP-02 L-01 EB-03 INR-05 /033 W
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R 301444Z JUL 76

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 8886

INIO RUEHCR/AMEMBASSY CAIRO 1685

C O N F I D E N T I A L DAMASCUS 5011

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E.O. 11652: GDS

TAGS: EXTRD, SY

SUBJECT: FORD MOTOR COMPANY

REF: (A) STATE 184389 (NOTAL), (B) STATE 182162

1. SUMMARY. PER INSTRUCTIONS, CHARGE CALLED ON MIN ECON IMADI; SYRIANS STILL INTERESTED IN FORD INVESTMENT EFFORTS IN SYRIA FOR TRACTOR PLANT, BUT IMADI MADE IT CLEAR FORD HAS NOT YET RESPONDED TO BOYCOTT QUESTION AS HE PREVIOUSLY POINTED OUT TO FORD REPS WOULD BE NECESSARY. ONLY USUAL PAPERWORK SEEMS TO BE DELAYING IMPORT LICENSE PROCEDURE FOR TWO FORD EXPERIMENTAL TRACTORS. WE CONTINUE TO RECOMMEND FORD PRESENT ITS PRELIMINARY PROPOSAL TO SYRIANS AS COMPANY HAS PROMISED. END SUMMARY.

2. CHARGE AND ECON OFF CALLED ON MIN ECON IMADI JULY 28 TO FOLLOW UP ON SYRIAN INTEREST IN FORD INVESTMENT IN SYRIA PER INSTRUCTIONS REF (A). IMADI NOTED HE HAD RECEIVED "THANK YOU" LETTER FROM PETER GOUCH OF FORD TRACTOR COMPANY, THEN CALLED FOR HIS FORD FILE AND SAID NECESSARY PAPERS FROM FORD REQUESTING IMPORT LICENSE FOR TWO EXPERIMENTAL TRACTORS CURRENTLY ON DOCKS IN U.K. HAD BEEN SENT OVER TO MUHAMMAD
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EL-DEEK, DIR. GEN, UNION OF ENGINEERING INDUSTRIES

(UNICHEM), WHO IS ON BOARD OF AL FRAT TRACTOR PLANT IN ALEPPO AND HAS BEEN MAIN FORD TECHNICAL CONTACT IN SYRIA. IMADI SAID DEEK WOULD HAVE TO MAKE REQUEST TO MIN ECON AND FOR TRADE FOR IMPORT OF THIS NATURE; IMADI DID NOT IMPLY ANY PROBLEMS IN THIS REGARD, ONLY USUAL RED TAPE. DEEK UNAVAILABLE FOR OUR SEVERAL CALLS (AS GOUGH KNOWS, DEEK OFTEN ON THE MOVE), BUT DEEK'S DEP DG, DAOUDI, INFORMED EMB OFF THAT PAPERS HAD BEEN SENT TO AL FRAT TRACTOR PLANT IN ALEPPO, OFFICIAL SOF WHICH WOULD HAVE TO PREPARE ACTUAL REQUEST FOR IMPORT TO THE TWO TRACTORS, DAOUDI SAW NO PROBLEM, ONLY USUAL PAPERWORK DELAYS. EMB OFF ASKED DAOUDI TO CHECK WITH DEEK TO MAKE SURE HE HAD RESPONDED TO ANY SUBSTANTIVE QUESTIONS IN GOUGH'S LETTER AND MAKE SURE HE IN FACT HAD RECEIVED IT. (DEP. MIN PLAN HILOU RECEIVED GOUGH'S EARLY JULY LETTER ONLY ON JULY 29.)

3. IMADI ASKED CHARGE IF FORD HAD RESPONDED TO THE "MOST IMPORTANT QUESTION: SATISFACTION OF THE BOYCOTT OFFICE." CHARGE RESPONDED WE UNINFORMED RE THIS ASPECT. IMADI SAID HE DID NOT BELIEVE ORD HAD YET ADDRESSED ITSELF TO THIS QUESTION. HE ADDED THAT SYRIA ALREADY KNOWS FORD HAS EXCELLENT PRODUCT. (BY THIS, WE DID NOT GET IMPRESSION IMADI WOULD BLOCK SUCH IMPORT, ONLY THAT IMADI WANTED TO NOTE IMPORTANCE OF OTHER PROBLEM -- BOYCOTT.) IMADI ALSO COMMENTED, AS HE HAD DONE PREVIOUSLY (DAMASCUS 4497), THAT EGYPT STILL WANTS SYRIA TO TAKE LEAD IN ATTEMPT REMOVE FORD FROM BOYCOTT LIST (IMPLYING, WE BELIEVE, THAT SYRIA STILL HOPED THAT EGYPT WOULD TAKE THE LEAD).

4. COMMENT. WE BELIEVE SYRIANS ARE STILL INTERESTED IN FORD INVESTMENT EFFORTS IN SYRIA AND WE STILL BELIEVE THAT IT IS WORTH FORD'S EFFORT TO MAKE ATTRACTIVE PROPOSAL TO SYRIANS. WITHOUT PROPOSAL IN HAND, SYRIANS CANNOT WEIGH ECONOMIC BENEFITS OF FORD OFFER AGAINST POLITICAL ASPECT OF WHETHER SYRIA BELIEVES FORD SHOULD MAKE MAXIMUM RESPONSE TO BOYCOTT OFFICE OR WHETHER SOMETHING LESS MIGHT BE REQUIRE. MOREOVER, IN LETTERS TO IMADI, HILOU, AMBASSADOR AND ECON OFF, GOUGH STATED FORD REPS EXPECTED TO RETURN TO DAMASCUS WITH FORD'S PRELIMINARY PROPOSAL PRIOR TO

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END OF JULY.

5. WE PARTICULARLY NOTED THAT FORD REPS MEETING IN DEPT JULY 15, REF (B) DID NOT INCLUDE GOUGH. REPORTED RESULTS OF DISCUSSION IMPLIED SYRIA LOW DOWN ON FORD PRIORITY LIST -- "A QUIETING ACTION BUT COULD DEVELOP INTO A WORTHWHILE PROJECT." WHILE OTHER FORD REPS MAY NOTE PROPOSAL FOR SYRIA WOULD BE

COMPLEMENTARY TO EGYPTIAN PROJECT AND WOULD NOT REPLACE IT, WE WISH TO NOTE, BASED ON GOUGH'S DISCUSSIONS HERE, THAT SYRIA HAS LARGEST TRACTOR MARKET IN MIDDLE EAST AND SYRIAN VENTURE COULD INDEED BE WORTHWHILE TO FORD AND SYRIAN ECONOMY. ALSO, EVERY INDICATION WE HAVE SO FAR IS THAT COMPNAY WOULD NOT FACE CURRENT TYPES OF TECHNICAL AND FINANCIAL DIFFICULTIES FORD NOW ENCOURNTERING IN EGYPT, AND PROBLEMS FORESEEN BY FORD RE LARGE AND POSSIBLY RISKY DEPENDANCE ON EGYPTIAN VENTURE FOR DIESEL ENGINES.

6. FORD OF COURSE IS IN BEST POSITION TO JUDGE MERITS OF VENTURES IN EITHER COUNTRY, AND ALSO TO MAKE ITS JUDGMENTS THAT EGYPT AND SAUDI ARABIA ARE KEY ACTORS ON ARAB SCENE. FORD TRACTOR COMPANY, HOWEVER, APPARENTLY SEES A GOOD OPPORTUNITY IN SYRIA AND HAS PROMISTED TO MAKE ITSPRELIMINARY PROPOSAL TO SARG. WHEN THIS DONE, AND ASSUME IT WILL BE SHORTLY (PLEASE INFORM US WHEN), IMADI'S FIRST QUESTION WILL BE ABOUT BOYCOTT. FORD THEREFORE SHOULD BE PREPARED TO DISCUSS THIS ASPECT WITH IMADI (WE ASSUME BY WAYNE FREDERICKS OR HISHAM ROUSHDY, ASST TO E.P. WILLIAMS) AS FORD REPS VISITING IN MAY WERE NOT EMPOWERED TO GET INTO THIS SUBJECT.

7. RE CAIRO 10100, PARA 2 B, WE TOO, WERE LED TO BELIEVE THAT FORD DOES ATTACH CONSIDERABLE IMPORTANCE TO ARAB MARKET AND TO REMOVAL FROM BOYCOTT LIST. SYRIANS HAVE MADE THEIR VIEWS ON THIS QUESTION CLEAR TO FORD AND IF FORD DOES INDEED PLAN TO PRESENT ITS PROPOSAL TO SYRIA FOR THIS LESS EXPENSIVE AND LESS RISKY TRACTOR VENTURE, THEN FORD WILL HAVE TO BE PREPARED TO DISCUSS BOYCOTT QUESTION IN DETAIL WITH IMADI AS IMADI HAS REQUESTED. RESOLUTION OF WHETHER EGYPT OR SYRIA WILL MOVE FIRST ON BOYCOTT QUESTION WILL HAVE TO AWAIT THESE
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IMADI/FORD TALKS.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, TRACTORS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUL 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DAMASC05011
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760295-0504
From: DAMASCUS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976076/aaaaaenk.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS, STADIS
Reference: 76 STATE 184389, 76 STATE 182162
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by BoyleJA>; APPROVED <20 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FORD MOTOR COMPANY
TAGS: ETRD, SY, FORD MOTOR CO
To: STATE CAIRO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006